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Country programme outline for East Timor (2003-2005) *

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* The collection and analysis of current data required to present the Executive Board with the most up-to-date information has delayed submission of the present document.

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I. Situation analysis

1. On 20 May 2002, East Timor emerged as an independent and sovereign nation following more than four centuries of Portuguese colonization and 24 years of Indonesian occupation. On 30 August 1999, 78 per cent of voters rejected greater autonomy within Indonesia and chose a path to independence. The events that followed resulted in the destruction of 70 per cent of essential utilities and private and public buildings. Government institutions ceased to function and over 75 per cent of the population of 800 000 were displaced. Statistics show that East Timor is now the poorest nation in the Asia-Pacific region and among the 20 poorest countries in the world. At present 41 per cent of East Timorese live below the poverty line, set at only $0.55 per day; life expectancy is only 57 years; illiteracy is around 50 per cent; about 45 per cent of children under five are underweight; and maternal mortality is high, some 420 women die out of every 100 000 live births.

2. The Government is highly committed to developing the country and improving the lives of its people. The national development plan (NDP) outlines strategies for the next five years (2003 to 2007) with sustained economic growth and poverty reduction as the overriding goals. The phasing down of the United Nations presence and the Trust Fund for East Timor (TFET) however, means the outlook for key components of the economy is not very favourable and donor support will be crucial to make smooth the difficult economic transition. In July 2002 the Government presented to the World Bank, international donors and United Nations organizations an action matrix for the implementation of the transitional support programme. The matrix, prepared with assistance from UNDP, covers the first year of operation of the Government and includes a comprehensive list of the technical assistance needed to support the government in meeting its commitments under the programme. UNDP has been requested by the Government, the donor community and the World Bank to support the donor coordination unit of the Ministry of Finance and Planning in coordinating and overseeing the entire technical assistance programme.

3. The first country programme outline (CPO) for 2003-2005 fits squarely within the framework of the NDP and the United Nations Development Assistance Framework (UNDAF), both of which were launched in May 2002. Both the UNDAF and CPO were formulated through highly consultative processes with Government, key donor partners and United Nations organizations and, over the next three years, efforts will be focused on addressing key development priorities and challenges facing the nation.

II. Past cooperation and lessons learned

4. Of course, the new Government of East Timor recognizes the daunting challenge to improve the lives of its people. Under the guidance of the United Nations Transitional Administration in East Timor (UNTAET), the country has seen gradual improvements in governance, infrastructure and basic public services in the last two or so years – a crucial part of sustaining people's livelihoods. Much of this has been achieved through a uniquely successful partnership between United Nations organizations, including UNDP, the international donor community, World Bank and the Asian Development Bank (ADB). UNDP played a pivotal role in mobilizing and coordinating global support and implementing key elements of the transitional process, including: the holding of both parliamentary and presidential elections; implementing programmes to support the re-establishment of the judicial system; restructuring and developing the civil service; and institutional strengthening the parliament. All of this has helped improve the capacity of civil society organizations to play their part in the political process and nation building. UNDP has also provided information technology structure for the new nation and has supported public broadcasting and civic education as part of the electoral process. UNDP was an important partner with World Bank and ADB in developing the poverty assessment in 2001 and the country's first NDP in 2002. At independence, East Timor launched its own national human development report, reflecting the new nation's strong commitment to core UNDP values.

5. In lieu of a country cooperation framework (CCF), in 2000 the Executive Board approved assistance to East Timor for the period 2000-2002. Its decision 2000/2 focussed on three major areas: rehabilitation of infrastructure; governance; and promotion of sustainable livelihoods. The past two years have exemplified the strategic role of UNDP in the development processes of a nation: It has identified strategic development issues, mobilized and coordinated financial and technical resources from a multitude of development partners and used its global network of knowledge and expertise to provide quick

and effective solutions to major problems even in emergency situations. During this period, the country office in East Timor signed cost-sharing and trust fund agreements valued at over $75 million with key donor Governments, including, Australia, Belgium, Canada, European Commission, Finland, Ireland, Japan, Norway, Portugal and the United Kingdom. The Government and the international community acknowledge UNDP's key role in coordinating assistance and ensuring efficient delivery of emergency interventions and appropriate longer term development support in East Timor. There is a consensus that the strategic approach of the organization has succeeded in supporting the commitment of the Government to build a lean and flexible system of governance, outlined in the governance and public sector management position paper prepared with UNDP support and endorsed at the donors meeting in Australia, 2001. This document has been used by UNDP and international donors as a programme framework for formulating specific interventions.

6. UNDP has played a major role in capacity building in the national development planning process and in a number of key governance areas, including: electoral and legislative processes; civic education; development of an accessible and fair justice system; an independent audit system, efficient customs for better trade and revenue collection, management of civil society organizations and community empowerment. This support has established a relationship of trust between UNDP and the Government and there exists an excellent opportunity to strengthen the organization's relationships with the newly established ministries and their planning units.

7. The partnership between UNDP and the Government of Japan to restore community infrastructure has had significant impact on the revival of economic activities. Rural power stations have been rehabilitated; operational and safety standards have been restored in Dili Port; vital road links have been rebuilt; access to safe water and sanitation have been improved; and irrigation facilities have been repaired. It is estimated that these interventions have had broad-based impact on roughly 35 per cent of the population and have helped establish the foundations for economic recovery. Understandably, in this challenging development environment, project interventions frequently had to be adjusted to reflect the evolving nature of Government structures and priorities. Mechanisms for effective consultation and contact with Government ministries were established early which has helped resolve complex issues and further strengthen the partnership with Government. It has also demonstrated a need for careful targeting of advocacy strategies, the involvement of Government counterparts and other national stakeholders from the beginning and throughout the various stages of formulation and implementation. The overwhelming United Nations and donor presence in the country has made national project ownership at the policy and community levels a considerable challenge, warranting special attention. This has been done by strong advocacy and networking through the project steering committees and/or project coordination committees mechanisms in collaboration with project working committees at the operational level. In the case of infrastructure projects, UNDP deployed community mobilization teams to ensure local people became part of the process, which worked well and will be maintained in future initiatives.

8. Although 95 per cent of the projects to rehabilitate infrastructure were successfully implemented, the environment is more conducive to the establishment of a more participatory approach, emphasizing community self reliance rather than government/donor intervention. This will require much work with the communities to establish a culture of self reliance and the commitment of Government to the process, including the provision of the necessary incentives.

III. Proposed programme

9. UNDP will realign its programme from emergency rehabilitation to institutional and individual capacity-building and upstream policy development in key governance areas aimed at improving the socio-economic conditions of the population. These key objectives will be linked to the Millennium development goals and the programme direction towards achieving a balance between upstream and downstream strategies. Strategic partnerships with key donors, established during the initial period, will be strengthened. The nature of UNDP support under each of the thematic areas will be determined in close consultation with the government and other stakeholders. Specific strategies will be developed for other areas of priorities, such as HIV/AIDS and the empowerment of women. Gender will continue to be mainstreamed into all project components, more so in community based and civil society interventions that could directly contribute to the welfare of women.

10. The proposed programme areas are:

(a) Governance

Within the priorities and strategies of the NDP, UNDP will support the following areas: (i) enhancing public sector efficiency and accountability; (ii) addressing human and income poverty; (iii) strengthening institutional capacities of key government institutions such as the parliament, the Public Service Commission, the Electoral Commission, the Office of the Inspector General and judicial and human rights systems; and (iv) building national capacity to participate in regional cooperation and the global dialogue on development.

Under this broad framework, UNDP will assist the Government in further defining its role and needs and will provide policy advice and capacity building to reinforce the competencies that have been built over the past two years of the organization's involvement. Given the newly established status of the public sector in East Timor and gaps left with the departure of UNTAET, it is anticipated that the CPO period will be shaped largely by the critical need to support the East Timor Public Administration in its efforts to function effectively while developing the capacity necessary to ensure long term institutional sustainability. At the request of the Government, UNDP will continue to support the coordination and management of a programme to provide 200 international development experts to support key government functions and develop the local capacity necessary for long term sustainability. UNDP has been instrumental in mobilizing and coordinating donor support for the programme, which contractually requires international experts to deliver measurable results on the establishment of national capacity. Concurrent with this, UNDP will also assist the Government of East Timor address its long-term human resource management and development needs for instituting essential policy and regulatory frameworks, its tools for public service sector personnel management and strengthening the capacity of human resource development institutions. These are designed to provide an exit strategy and ensure the phasing out of direct personnel support.

The East Timorese Public Administration will also be supported in its efforts to establish itself as an efficient, accountable and responsive body for achieving broad-based development and poverty reduction. Assistance from UNDP will respond to the need for participation, transparency and accountability in both public and civil society to facilitate meaningful dialogue and cooperation.

In this context, UNDP will organize a series of workshops with senior government officials to deepen their understanding of the organization's work and to identify specific interventions to be undertaken within the broad thematic areas of the CPO. Recent consultations with the Government on the CPO identified a number of activities designed to bridge the gap between government and civil society. These would focus on community mobilization and capacity building for civil society organizations, formulating specific strategies within the scope of civic education to disseminate key policy documents such as the constitution, the national development plan and the budget, building technical skills in specialized areas, such as gender sensitization, and on awareness and prevention of HIV/AIDS. Assistance would also target human and income poverty in national policy frameworks and in monitoring the implementation of public sector policies and programmes. UNDP will expand its role in building the capacities of civil society organizations for policy analysis and advocacy through community mobilization and civic education strategies.

Having only become a sovereign nation in May 2002, East Timor is yet to find its own niche in regional and global partnerships. Logistically, East Timor sees its natural regional structure base within the Asia-Pacific Economic Cooperation (APEC) and the Association of South-East Asian Nations (ASEAN), however, assistance from UNDP will continue to be aimed at providing policy advice and technical assistance, involving the best use of the technical cooperation among developing countries (TCDC) modality, for informed decision making, institutional and technical capacity building for effective management of regional cooperation and enhanced negotiating power.

(b) Community development and rehabilitation

Under this sector, UNDP will: (i) continue its focus on the recovery processes through promotion of a community-led development approach and the restoration of basic services; and (ii) provide policy support to ensure environmentally sustainable development. Lessons for policy feedback will be drawn throughout the process.

Emphasis will shift to longer term sustainability of development activities for poverty reduction and sustainable livelihoods through greater community participation and empowerment, including income generation targeted at vulnerable groups such as unemployed youth and women. This will be reinforced by implementing cost sharing resources in the continued rehabilitation of essential infrastructure, such as ports, water supply, irrigation systems and programmes. The goal is to provide better access to basic services, income generation, employment and education opportunities. The first country programme will help define mechanisms to promote long-term technical and financial sustainability based on enhanced local capacity and resources.

11. Particular attention will be paid to the development of programmes in gender and HIV/AIDS. In gender, a programme for economic empowerment of women has been developed and implementation will start in early 2003, with some of its specific components incorporated into the ongoing project "Strengthening Parliamentary Democracy in East Timor". Training on gender sensitive budgeting is also part of this initiative. Another project on civic education makes special considerations to ensure women's groups benefit from the services provided by the project. Gender will be mainstreamed in all new projects under the CPO.

Despite the lack of reliable data at present, the Government of East Timor has taken a very pro-active approach to HIV/AIDS, especially on awareness and prevention. With technical assistance support provided by UNDP, the Government has already produced and approved a national strategic plan on HIV/AIDS including an overall HIV/AIDS/STI advocacy and awareness campaign, with a view to mainstreaming HIV/AIDS through a multi-sectoral approach at all levels. UNDP is also providing capacity building in this area for government officials and CSO counterparts, in collaboration with the Ministry of Health and will continue to support Government efforts, particularly in the preparation of a national strategic work plan and resource mobilization strategy in collaboration with the United Nations Theme Group (UNFPA, UNDP, United Nations Children's Fund and the World Health Organization) and other partners.

12. Capacities to formulate appropriate policies in support of the above interventions as well as to develop legislative and regulatory frameworks for vulnerability reduction and environmental sustainability, will be further strengthened within relevant government ministries. Support to promote the exploration and use of sustainable energy as well as to assist the Government to meet the commitments under international agreements and conventions in the environmental sector will be provided.

13. Interventions by UNDP will also complement ongoing, planned and completed initiatives of a number of donors, such as the World Bank, ADB and United Nations organizations that have targeted community rehabilitation and development in rural and urban areas. Close consultation with government counterparts and other stakeholders will be ensured to prioritize local needs and assess available resources.

IV. Programme management, monitoring and evaluation

14. Due to the unique circumstances of the country, projects have been implemented through a combination of direct execution and agency execution arrangements. Approximately 30 per cent of the projects have been implemented under the direct execution modality, while the other 70 per cent by specialized United Nations organizations, including, the United Nations Office for Project Services (UNOPS), the Economic and Social Commission for Asia and the Pacific (ESCAP), United Nations Conference on Trade and Development (UNCTAD), International Labour Organization (ILO) and the Food and Agriculture Organization (FAO). The country office has developed the institutional capacity to continue to implement direct execution for the time being, with partial agency-supported implementation. Agency capacity is limited with the exception of UNOPS, which has a significant presence mainly to handle a large management service agreements portfolio of infrastructure rehabilitation projects. These combined execution arrangements have contributed to the timely implementation of project activities, especially considering the complex circumstances under which projects are implemented. The principles and modalities for implementing and monitoring project activities centred on the corporate strategic results based management framework will be applied across the board.

15. Given the extensive capacity building needs of the Government anticipated over the CPO period, capacity for national execution must be developed and, over the next three years, UNDP will assist in building capacity at both central and local levels to support the transition to national execution. In this period, in-house capacity would also be strengthened to support the shift to national execution and would be carried out under the framework of the learning mechanisms established for the East Timor country office.

To date, the institutional human resource capacity in the country office has been sustained from target for resource assignment from the core (TRAC) funding under PLSP and DPXB budgets and this will continue for the foreseeable future. As recommended by the country office reprofiling team, the PLSP project would be extended to facilitate the retention of critical human resource capacity within the office.

16. At the operational level, UNDP will continue to use the project steering committee and project coordinating committee mechanisms for each project to ensure national and local ownership of project activities. These committees include representatives from the Government, donors, community representatives, and United Nations agency partners and will continue to oversee and manage the decision-making processes on project activities in accordance with UNDP policies and procedures. United Nations Volunteers staff will also continue to complement ongoing training and human resource needs.

17. Partnerships with other United Nations organizations will be strengthened and consolidated through the newly instituted UNDAF process and through identification of joint programming areas. Specific areas where United Nations organizations will work together include, HIV/AIDS, gender, human rights, NGO capacity building at the local level and technical cooperation among developing countries.

18. A key aspect of UNDP operations has been the significant cost-sharing from a wide range of donors. Advocacy and partnerships with key donors will be further strengthened and expanded through continued involvement in project steering committees and in monthly donor meetings organized by UNDP. Mechanisms have also been implemented to address specific donor reporting and accountability requirements, which would be further articulated within the framework of a comprehensive resource mobilization strategy for the activities envisaged under the CPO. On a broader level, donor consultations will also be strengthened through the oversight and monitoring mechanisms to be set up by UNDP to coordinate and implement the wide range of technical assistance needs under the NDP in collaboration with the Ministry of Finance and the World Bank.

19. UNDP shares common premises with all the other United Nations organizations in East Timor, except UNHCR. The United Nations House was inaugurated by the Secretary-General on the occasion of independence, 20 May 2002.

Annex. Results and resources framework for East Timor (2003-2005)

UNDAF objective: To assist the Government in addressing the paramount goals of poverty reduction and sustainable development through targeted interventions by United Nations organizations in the areas of income, poverty and hunger, education, health, gender equity and the environment and natural resources for capacity development in the Government and civil society organizations, and infrastructure rehabilitation

Strategic areas of support	Intended outcomes	Indicators of outcome	Outputs	Resources *(in thousands of United States dollars)*
		I.	Governance	
Efficiency and accountability in the civil service	Improved efficiency, accountability and transparency in the civil service through national ownership and leadership	1. Civil service code ensures rights based approach (equal pay for equal work). 2. Existence of an independent anti-corruption unit/programme. 3. Existence of institutionalized mechanisms for regular consultation between national Government, CSOs and private sector on national development plans and/or the budget.	(1) Personnel management regulatory frameworks and tools introduced with appropriate pay/compensation system promoting competence, accountability and efficiency of civil servants. HRM skills of government and public agencies enhanced through targeted training and improved support systems. Management, planning and delivery capacity of the Civil Service Academy strengthened. (2) Capacity of the ombudsman's office enhanced to plan, design and deliver civic education programmes on human rights and transparency. (3) Awareness of NGO-Government relations issues raised with information sharing opportunities created. Regular consultation mechanisms on economic and social policies and programmes institutionalized.	Regular: TRAC 1 – 870 Other: Third-party cost-sharing – 1,673
Administration of, and access to justice	Fair and efficient administration of justice.	1. Number of civil and criminal cases pending before the courts for more than a year 2. Legal information systems introduced or strengthened on how poor can access justice	(1) Technical capacity of judiciary and clerical staff enhanced through mentoring/coaching programmes and improved resource/support facilities. (2) Legal information and public consultation systems strengthened at the Ministry of Justice based on needs assessment/action plan with focus on policy and legal provisions on access to legal aid and justice by the poor.	Regular: TRAC 1 – 530 Other: Third-party cost-sharing - 404 Trust funds – 600
Institutional capacity of parliamentary structures, systems and processes	Increased effectiveness of Parliament to perform its legislative, oversight and representative functions.	1. Mechanisms for accountability in place to ensure legislative oversight. 2. An uncensored record of parliamentary debates and hearings be accessible to the public (use of ICT tools).	(1) Capacity of MPs to undertake legislative and budget analysis strengthened through TA and training (including modules on pro-poor/engendered budgets, misuse and deviation). Women MPs caucus established with capacity for advocacy and engendered budget analysis/review. Parliament secretariat staff is trained in legislative drafting, developing and operationalising process tools to provide efficient and effective support to the MPs. (2) Verbatim report produced for internal and public use and mechanisms established to maintain regular communication with civil society and the mass media.	Regular: TRAC 1 – 299 Other: Trust funds – 600

Electoral legislation and institutional capacity of electoral commissions, systems and processes	Improved conformity of the legal, institutional and electoral frame-work with international standards.	Independent electoral management body with capacity to conduct free and fair elections with high levels of citizen participation.	(1) Legal and regulatory frameworks developed; institutional and technical capacity of national independent electoral body strengthened through policy advice, TA and staff training. National capacity enhanced to undertake voter education and election monitoring	Regular TRAC 1 – 530 Other: Third-party cost-sharing – 1,004
Development and implementation of macro-and poverty reduction policies and strategies	Policy and planning framework of the country incorporates a comprehensive approach to and specific targets for reduction of human and income poverty.	1. Adoption of national targets for reduction of human and income poverty, disaggregated by gender. 2. National estimates of human and income poverty regularly updated and disaggregated by gender and region, measuring progress towards the MDGs. 3. Governmental mechanisms/fora for planning and monitoring anti-poverty strategies to reduce poverty.	(1) NHDR strategy to support preparations for next NHDR, with national ownership of process and human development/poverty concepts introduced. Legislators sensitized/trained on human rights, poverty reduction, gender equality, HIV/AIDS issues. (2) National statistics system/capacity strengthened to collect and analyse poverty data. Civic education programme developed and implemented to disseminate Poverty Assessment findings and Participatory Poverty Assessment concepts and techniques at national and sub-national levels. Public information campaign on MDGs implemented. (3) Policy and capacity development frameworks in place for strengthening analytical skills and advocacy strategies for Government, NGOs/CSOs. Government/CSO partnership building enhanced.	Regular: TRAC – 998 Other: Third-party cost-sharing - - 2,008
Regional and sub-regional co-operation, including ECDC/TCDC	Enhanced capacities of Government and non-government institutions to promote regional cooperation in priority and strategic development areas	1. Regional cooperation and technical assistance agreements signed in key development areas. 2. Specific technologies and/or know-how transferred to the country through TCDC.	(1) Preparations for ET's observer status in ASEAN and membership in global/regional trade organizations (AFTA, APEC, ACP, WTO, WCO) supported through policy research, capacity building to promote national interests at international fora. Knowledge of international law and legal instruments of immediate relevance to East Timor enhanced within government including parliament, through policy advice, TA and training. TCDC management system and agreements with at least 3 regional countries in place. (2) Approx. 5 TCDC initiatives to facilitate know-how transfer in public administration with focus on public policy formulation, development planning, public sector institution-building and HIV/AIDS prevention.	Regular: TRAC 1 – 152 Support for policy and programme development - 255 Other: Third-party cost-sharing – 403
			Governance	**Regular – 3,634** **Other 6,692** **Subtotal – 10,326**

II. Community development and rehabilitation				
Recovery processes at the community level.	Increased sustainable livelihood opportunities in communities.	Local capacity for ownership and sustainability of development activities enhanced. 2. Increase access to basic services that lead to more sustainable livelihood.	**(1)** Approximately 10 000 with upgraded skills and knowledge in sustainable farming techniques and increased productivity. **(2)** Empowered women and vulnerable groups through income generation activities. **(3)** Water supply and irrigation systems, port, education facility and public building rehabilitated.	Regular: TRAC 1 – 456 Other: Management services agreements – 21,162 Third-party cost-sharing – 3,763
National policy, legal and regulatory framework for environmentally sustainable development.	Comprehensive approach to environmentally sustainable development integrated in national development planning.	A National Strategy for Sustainable Development with national implementation targets adopted.	**(1)** Development of National Environment Action Plan and policies through TA. **(2)** Assessment of ET's rural energy needs. **(3)** Enhanced capacity of Government assisted in accessing funds and meeting international commitments on environment and sustainable development. **(4)** Functional Waste Management Unit in the Government	Regular: TRAC 1 – 998 Other: Global Environment Facility – 250
			Community development and rehabilitation	Regular – 1,454 Other – 25,175 Subtotal – 26,629
			GRAND TOTAL	**Regular – 5,088** **Other - 31,867** **Total – 36,955**